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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

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January 13, 1975

MEMORANDUM FOR: ROY ASH

FROM: BRENT SCOWCROFT

SUBJECT: Additional 1975 Foreign Aid Requests for South Vietnam

I have examined your draft memorandum for the President concerning supplemental funding for South Vietnam and Cambodia. We are generally in agreement with your analysis of the requirements and recommended courses of action. However, I suggest that the memorandum be modified to reflect the requirement for changes in the ceilings, in addition to actual increases in appropriations, since the two must be addressed together.

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Cambodia

Ceiling Requirements

-- In Cambodia, the total ceiling includes PL 480. The economic shortages in Cambodia can be resolved by exemption of PL 480; therefore, there is not a funding question, but a clear question of seeking authority from the Congress for exemption of the PL 480. This must be addressed in your paper. We recommend that the President seek exemption of the PL 480, and that this be addressed as part of the legislative package.

-- Also in Cambodia, the DOD minimum "austere" recommendation was for $213 million; this was reduced in the OMB recommendation to $175 million in appropriations, since $38 million was already funded and requires only a higher ceiling to accommodate transfer of the supplies and equipment.

-- Because of the imposition of a ceiling on Cambodia, additional costs of $70 million in Cambodia are anticipated. Section 655 of the Foreign Assistance Act requires that the program be charged for "...any operation, project, or program of any kind, or for providing goods, supplies, materials, equipment, services,

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E.O. 12958, Sec. 3.5
NSC Memo, 11/24/98, State Dept. Guidelines
By KBH, NARA, Date 2/10/00

personnel, or advisors in, to, or on behalf of Cambodia during the fiscal year ending June 30, 1975." If the ceiling is raised, or this portion suspended, the funding levels addressed herein are reasonable and will accomplish the tasks involved. If this section continues to impose the requirement to charge for all services, then an additional $70 million will be required in this fiscal year (the equivalent costs in FY 74 were $51.4 million, but these were not charged to the account).

-- The ceiling on Cambodia should be increased by a total of $38 million for items already funded; $70 million for costs previously borne elsewhere as a result of Section 655 in the budget in the last fiscal year, and $222.1 million in new obligation authority for MPA, for a total ceiling increase of $330.1 million. In addition, PL 480 should be exempted.

Appropriations Requirements

Based on the DOD minimal submission of $213 million, your $175 million additional appropriation requirement is a valid basis for consideration. However, the DOD austere recommendation is a very high risk option, and our examination of the problem indicates a requirement for a total of $47.1 million above the DOD's austere level requirement. With your $175 million funding requirement, this would raise the total obligation requirement to $222.1 million; this is the level which we recommend.

The additional $47.1 million is derived from two categories of items not addressed in the DOD paper:

-- A 10% increase in ammunition for the dry season, over ammunition expenditure rates of 1974. While above the ammunition expenditure rates for last year, the additional 10% is only about half that recommended by Ambassador Dean, based on the current rates of ammunition expenditure in the present fighting. The cost of this ammunition, including inherent supply operations costs will be about $26 million.

-- Replacement of limited and very critical equipment lost in combat, to include artillery pieces, M 113 armored personnel carriers, Landing Craft Medium (LCM's) and Patrol Craft (PBR)

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necessary for the Mekong supply route, and helicopter gunships to escort Mekong convoys. Only the most critical losses would be replaced at a cost of $21.1 million, which includes PCH&T costs.

South Vietnam

With regard to the supplemental for South Vietnam, we agree that a supplemental for $300 million appears to be a reasonable approach which will meet minimal requirements. However, we feel that the supplemental on South Vietnam should be submitted in the near future, probably at the same time as the request for Cambodia.

Chile and Turkey

We do not feel that we should address the question of relief from the prohibitions on military assistance to Chile and the suspension of assistance to Turkey in conjunction with the requirements for Indochina.

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MEMORANDUM FOR THE PRESIDENT

FROM: ROY ASH

SUBJECT: Additional 1975 Foreign Aid Requests for South Vietnam and Cambodia

In response to Dr. Kissinger's request, the Departments of State and Defense have submitted their proposals for additional funds for Indochina and improvements to the current Foreign Assistance Act. This memorandum seeks your decisions on those requests so that necessary legislation and budget supplementals can be prepared and transmitted to the Congress as soon as possible. An early decision is also needed so that the 1976 Budget can reflect your decisions.

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South Vietnam

Defense recommends a $300 million supplemental for 1975 military assistance for South Vietnam. State is silent on the amount of military assistance but opposes, with the concurrence of AID, any additional economic assistance at this time on the grounds that chances of success are slim and that such a request might detract from the effort of seeking additional military assistance funds. State believes a request for increased military assistance to South Vietnam should be submitted by the end of January while DOD counsels awaiting more concrete evidence of the need for additional assistance.

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NSC Memo, 11/24/98, State Dept. Guidelines
By KGH, NARA, Date 2/10/00

	1974 Actual	1975 Budget	1975 Est.	1976 Budget
Military Assistance	1018	1450	700	1293
Possible Supplemental	-	-	300	-
Total	1018	1450	1000	1293

A $300 million increase has the advantage of being within the $1000 million already authorized and is assured of support from Senator Stennis. This amount would maintain ground ammunition stocks above the stockage objective at years end even allowing for a 30% increase in consumption during the dry season. Should the North Vietnamese attack with the same intensity as during the 1972 offensive, no more funds would be required to defeat the attack, but, some additional funding would be needed to bring ground ammunition stocks back up to the stockage objective afterwards. If no massive offensive develops, no funds beyond $1000 million will be needed and Defense does not believe more can be justified at this time.

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Ambassador Martin has proposed an increased request of $700 million for military assistance and $100 million for economic assistance. $400 million of the $700 million military assistance would have to be authorized by the Armed Services Committees and the $100 million would require changing the Foreign Aid authorization. Ambassador Martin

argues that the longer program is necessary in order to prove the validity of the original budget requests.

I recommend that you approve a $300 million supplemental for South Vietnam for immediate submission. /Dr. Kissinger recommends..../

Approve $300 million supplemental at this time _____

Approve $300 million supplemental but await further developments before transmittal _____

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Cambodia

The Cambodia military assistance situation is as follows:

- Congress has limited Cambodia to only $200 million of the $600 million total MAP authorization. This funding authority has been exhausted.
- Ammunition in country or in the pipeline will meet consumption requirements for only 30-45 days.
- Drawdown of $75 million in defense stocks authorized by Presidential Determination will cover estimated requirements for an additional _____ days.

The Defense Department estimates that unless funding beyond the $275 million now available is obtained ammunition deliveries will have to cease in late February, and the Khmer Armed Forces will be out of ammunition if current consumption rates continue by late March or early April. Accordingly, Defense recommends that relief be obtained by early March at the latest.

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Defense estimates total FY 1975 requirements to range from $488 to $606 million, of which $450 to $572 million require budget authority.

The several options recommended by Defense and State are presented in the table below along with the 1974 actual level, 1975 budget request, and current Foreign Assistance Act authorization:

$ millions

	1974 Actual	1975 Budget Request	1975 Congr Auth	1975 Option A-1	1975 Option A-2	1975 Option B
MAP Funds	162	390	200	200	200	200
MAP Add-on	-	-	-	-	175	297
Drawdown	250	-	75	75	75	75
Drawdown Add-on	-	-	-	175	-	-
Cambodia Total 1/	412	390	275	450	450	572
Worldwide MAP Total	450	985	600	600	775	897

1/ Excludes certain items that count toward Cambodia ceiling but do not require expenditure of appropriated funds or drawdown authority.

Option A. This option reflects the $450 million total military assistance level recommended by State and corresponds to the austere level Defense believes necessary to fund ammunition consumption for the remainder of fiscal 1975 at the same rates as during the 1974 dry season.

The $450 million level could be met either by seeking a $175 million increase in the drawdown authority (to $250 million) as in Option A-1, or by seeking an additional $175 million in MAP funds as in Option A-2. State prefers Option A-1 while Defense prefers A-2. We believe the choice may depend on the preferences of friendly senators and representatives whose sponsorship will be critical to obtaining relief of either kind. /Soundings now being taken.... /

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Option B. This option providing a total of $572 million would require an additional authorization of $297 million over the $275 million now available and would increase the total MAP authorization to $897 million if cuts in other country programs are to be avoided. Option B would permit ammunition to be consumed at the highest rate ever achieved in any one month during the 1974 dry season during each of the last six months of FY 1975. This would represent a 24% increase over actual 1974 consumption for the January-July period. Option B would also permit limited replacement of equipment attrition and allow increased funding of operating and maintenance costs.

Analysis. Option A corresponds closely, if inflation is considered, with 1974 and is based on 1974 dry season ammunition consumption experience. Moreover, improved fire discipline by the Khmer forces should make the same level of ammunition supply go somewhat farther this year. While a decline in the scale of hostilities could later make the Option A level appear excessive, it is a prudent and defensible request.

Option B could prove necessary at some future date if ammunition expenditures remain at peak levels and interdiction of the Mekong requires resort to expensive air delivery of ammunition. However, it would be difficult at this time to make the case for a 24% increase over 1974 ammunition consumption levels.

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Legislative considerations. With regard to authorizing legislation, Options A-2 and B would require that the overall Cambodia ceiling and the $200 million ceiling on military assistance be removed or increased. Option A-1 would require that the $75 million limitation on drawdown authority for Cambodia and the $150 million overall drawdown limitation both be removed or increased. Nevertheless, in all three options it would be necessary to seek some modification of the Cambodia limitations in the Foreign Assistance Act, and we will need to exempt P.L. 480 from the overall Cambodia ceiling. Thus, modification of the Foreign Assistance Act passed in December is unavoidable.

As for appropriations legislation, Option A-1, which depends only on additional drawdown authority, could be implemented without waiting for a supplemental appropriation once favorable action was obtained on modifications to the authorization bill. Options A-2 and B require additional appropriations which could not be acted upon until after authorizing legislation was passed. Thus, it is likely that we could make additional ammunition available to Cambodia earliest under Option A-1.

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Recommendation. I recommend that you approve Option A with the choice between seeking additional drawdown authority (Option A-1) and seeking additional MAP (Option A-2) funds/to be determined on the basis of consultations with the Congress.

/Dr. Kissinger recommends ...../

Decision:

Option A _____

Option B _____

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Chile and Turkey

The Department of State recommends that we seek relief from the prohibition on military assistance to Chile and the suspension of assistance to Turkey after February 5, 1975, in conjunction with submitting amendments to the Foreign Assistance Act to permit increased assistance to Cambodia. While this is a political matter without budget implications, to raise once again these controversial issues could jeopardize early favorable action on additional military assistance to Cambodia.

/Dr. Kissinger ...../

Decision:

Roy Ash

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